

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
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SUBJECT: DEVELOPMENTS ON MEXICAN TRADE

REF: MEXICO 4313 (NOTAL)

1. ON MARCH 31, FOLLOWING HIS TALK AT THE AMERICAN CHAMBER OF COMMERCE REPORTED REFTEL, FERNANDO SOLANA, SECRETARY OF COMMERCE, GAVE STATEMENT TO PRESS CONCERNING GSP. HE SAID THAT ON THIS SUBJECT, AS WELL AS ALL ASPECTS OF COMMERCIAL RELATIONS, MEXICO WOULD BE IN CONSTANT CONSULTATION WITH U.S. AUTHORITIES TO EXAMINE THE PROGRAM AND ACHIEVE THE MAXIMUM BENEFIT FROM IT. HE REPEATED THAT THE DROPPING OF GSP TREATMENT FOR 63 MEXICAN EXPORTS CONFORMED TO THE PROVISIONS OF THE TRADE ACT AND SUCH ACTION DID NOT MEAN THAT MEXICO COULD NOT EXPORT THESE ITEMS TO THE U.S., BUT ONLY THAT THEY WOULD NOW BE TREATED THE SAME AS IMPORTS FROM ANY OTHER COUNTRY. HE THEN POINTED OUT HOW RELATIVELY BENEFICIAL TO MEXICO THE U.S. SYSTEM OF GSP WAS, BUT STATED THAT

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MEXICO WOULD CONTINUE TO STRIVE TO EXTEND MEXICO'S BENEFITS UNDER GSP AND MAKE THE LAW MORE FLEXIBLE.

2. THE NEXT DAY A SIMILAR STATEMENT BY HUGO MARGAIN, MEXICAN AMBASSADOR TO THE U.S., WAS ALSO PROMINENTLY REPORTED IN THE PRESS.

3. THESE STATEMENTS FOLLOWED UNFAVORABLE, AND INACCURATE, PRESS COVERAGE OF SOLANA'S ORIGINAL STATEMENT OF MARCH 31 IN WHICH HE ANNOUNCED THE LOSS OF GSP ON THE 63 MEXICAN EXPORTS. FOLLOWING THESE EARLY PRESS REPORTS, THE EMBASSY ECONOFF ON MARCH 30 CALLED ON ABEL GARRIDO, DIRECTOR GENERAL OF INTERNATIONAL COMMERCIAL NEGOTIATIONS OF THE MINISTRY OF COMMERCE, TO EXPRESS OUR LIMITED OFFICIAL USE

DISAPPOINTMENT AT THE PRESS COVERAGE OF A SUBJECT WE THOUGHT WAS BY NOW WELL UNDERSTOOD BY THE GOM. THE CHARGE ELABORATED THE SAME THEME WITH SECRETARY SOLANA AND SUBSECRETARY HECTOR HERNANDEZ DURING THE AMCHAM LUNCH AND TALK THE FOLLOWING DAY. BOTH WERE SYMPATHETIC AND SAID THEY WERE TROUBLED BY THE PRESS COVERAGE. SOLANA'S STATEMENT OF PARAGRAPH ONE THEN FOLLOWED.

4. ON APRIL 1 THE MINISTRY OF COMMERCE ANNOUNCED THE REINSTITUTION OF THE SYSTEM OF CEDIS (CERTIFICADOS DE DEVALUCION DE IMPUESTOS - TAX REBATES ON EXPORTS) WHICH HAD BEEN SUSPENDED AFTER THE DEVALUATION OF THE PESO AUGUST 31, 1976. THE NEW CEDIS APPARENTLY DIFFER FROM THE OLD IN BEING APPLICABLE ONLY TO EXPORTS CONTAINING AT LEAST 30 PERCENT NATIONAL PRODUCTION AND IN BEING BASED ON A SLIDING SCALE TIED TO THE DEGREE OF VALUE ADDED IN THE PRODUCTION OF THE EXPORT ITEM. AT THE SAME TIME THE MINISTRY ANNOUNCED THE ELIMINATION OF IMPORT LICENSING FOR 401 ITEMS, WHICH SEEM TO BE LIMITED OFFICIAL USE

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COMPRISED MOSTLY OF RAW MATERIALS, AGRICULTURAL PRODUCTS, AND IMPORTS FOR THE CHEMICAL AND IN BOND INDUSTRIES. THE MINISTRY ALSO ANNOUNCED THAT IT WAS STUDYING FURTHER ELIMINATIONS.

5. COMMENT: THE STATEMENTS BY SOLANA AND MARGAIN, AS REPORTED REFTEL, AND SOLANA'S VISIT TO WASHINGTON, CONFIRM THE GOM IS SERIOUSLY INTERESTED IN A DIALOGUE ON TRADE WITH THE U.S. THIS IS THE FIRST TIME A SENIOR GOM OFFICIAL HAS GIVEN A SYMPATHETIC AND ACCURATE PUBLIC REVIEW OF THE TRADE ACT. SOLANA'S GRASP OF THE ACT'S PROVISIONS WAS IMPRESSIVE. THE ANNOUNCEMENT OF THE REINSTITUTION OF CEDIS AND THE ELIMINATION OF SOME IMPORT LICENSES HAS NOT YET APPEARED IN THE DIARIO OFICIAL, SO WE ARE NOT CERTAIN WHAT IS INVOLVED. HOWEVER WE BELIEVE CEDIS HAS BEEN REINSTITUTED IN MODIFIED FORM BECAUSE EXPORTS OF MANUFACTURED GOODS HAVE NOT IMPROVED SIGNIFICANTLY SINCE DEVALUATION. WE HAVE ONLY VERY AGGREGATE TRADE FIGURES FOR THIS YEAR BUT THE REPORTED

IMPROVEMENT IN THE MEXICAN TRADE ACCOUNT SEEMS TO BE COMING FROM INCREASES IN EXPORTS OF RAW MATERIALS SUCH AS COFFEE AND PETROLEUM AND DECREASES IN IMPORTS DUE TO DEVALUATION AND STRICTER LICENSING. WE WILL REPORT FURTHER ON ELIMINATION OF IMPORT LICENSES WHEN WE OBTAIN THE OFFICIAL LIST. THOMPSON

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